Western Europe Review

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WESTERN EUROPE REVIEW

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Introduction

Organized labor is a major political force in nearly every country of Western Europe, yet its activities tend to go unreported except in times of labor unrest. At the moment there is a potential for unrest in several countries, but it remains no more (and no less) than that. Labor-related issues, however, are enormously important factors in the day-to-day West European political and economic scene. Labor attitudes clearly are of great significance to governments attempting to both reduce high rates of inflation and unemployment and cope with lagging investment and productivity. Just as obviously, labor's strength gives these issues a high degree of political immediacy. And just at this moment, labor leaders are rarely speaking with one voice, both because they find it hard to agree on the proper economic remedies and because their political allegiances are pulling them in different directions.

	estern Europe Review is devoted
	l aspects of this complex scene.
From time to time, futur	<u>e issues will be similarly de-</u>
voted to a single topic.	

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Western Europe: The Employment Picture

High unemployment became a fact of life in Western Europe with the onset of the 1974-75 global recession and is likely to persist for several years. Concerned about both inflation and balance-of-payments deficits, governments have rejected strongly expansionary demand management policies as a way to attack rising joblessness. Instead, they have enlarged unemployment benefits, increased restrictions on foreign workers, and introduced a variety of job creation schemes.

Organized labor has generally supported this strategy. The unions have focused their efforts on preserving jobs in hard-pressed industries and gaining management acceptance of "work-sharing" programs involving reductions in the work week, cuts in overtime, and early retirement. Even though none of these measures has been adequate to stop the rise in unemployment, the political fallout has been muted. Public opinion continues to place the fight against inflation well ahead of the plight of the jobless.

The dull economic upturn now generally expected for this year and next should do no more than slow the rise in unemployment in some countries and stabilize or marginally lower joblessness in others. All of the major West European economies except West Germany recorded higher unemployment in the first half of 1978 than a year earlier; in West Germany the jobless rate was lower by only .1 percentage point. Prospects through 1979 are for continued slight increases in unemployment in France, the United Kingdom, and Italy and a further small reduction in West Germany. The smaller West European countries are, on the average, experiencing a more rapid rise in unemployment than the Big Four. These countries collectively should see the growth in joblessness slowed or arrested in 1979.

Unemployment rates now are more than double the levels of the 1960s and early 1970s in many countries.

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High unemployment reflects both weak recovery from the recession and long-term trends in the labor force, in particular a steady rise in the percentage of women seeking jobs and a rapid increase in the working age population. The working age population in Western Europe will rise by 25 million from 1975 to 1985 compared with 15 million in the previous 10 years. Women and young people have been hardest hit by unemployment, with joblessness among the young averaging two and a half times the rate for older workers—a ratio similar to that in the United States.

West Germany

West Germany's unemployment rate, which in 1977 was 4.5 percent among wage and salary earners and 4.1 percent for the entire labor force, will probably decline slightly in 1978 and 1979. Real GNP growth will be higher this year than last, although it almost certainly will fall short of Bonn's 1978 target of 3.5 percent. Economic growth should accelerate further in 1979, assuming recently proposed fiscal stimulation measures are implemented. The labor force in West Germany, alone among the Big Four, is declining, both because of demographic trends and the dropout of discouraged job seekers. At the same time, employment has been declining in all sectors of the economy except services.

Unemployment is probably less of an issue in West Germany than elsewhere because the jobless rate is lower than in most countries while unemployment compensation and other social welfare payments are more generous. Voters generally have been far more concerned over the danger of renewed inflation. This year, however, has brought an abnormally disruptive round of wage negotiations, characterized by unprecedented strikes and lockouts. Although wage increases were only slightly above government targets, union militancy is likely to increase in coming years as the formerly accommodating rank and file assert themselves in dealings with both management and their own top officials. New job protection clauses won by the unions are making the discharge of unneeded employees more difficult. Departures of foreign workers have slowed to a trickle; the number remaining should level off at about 1.8 million, just over 7 percent of the labor force.

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France

France is likely to see its current 5.8 percent unemployment rate worsen slightly in the next few months, then stabilize in early 1979. The Giscard/Barre policy of reducing the role of government in the economy includes tougher guidelines for aiding troubled firms, which will have an adverse near-term impact on employment. Given the government's preoccupation with inflation and the balance of payments, no major fiscal or monetary stimuli are in prospect. The victory of the ruling center-right coalition in the March 1978 parliamentary elections has increased business confidence, however, and we expect real GNP growth to continue at a moderate pace.

The number of unemployed in France (1.3 million) is nearly triple that recorded four years ago. While the labor force is growing slowly, employment has been falling since 1974. Layoffs are being effected without significant official hindrance, a basic change from the past. The government hopes that local job creation schemes and hiring incentives in selected industries will help halt the rise in joblessness. Highest unemployment is in the west, especially in port cities dependent on shipbuilding, and in pockets in the east, where the depressed steel and textile industries are especially important. About half the jobless are less than 25 years of age.

United Kingdom

Unemployment in the United Kingdom, currently at 5.8 percent, is likely to increase slightly by the end of the year and probably will rise further in 1979. We project annual GNP growth for 1978 and 1979 at less than 3 percent, a rate that is insufficient to bring joblessness down in the face of faster than normal growth of both the labor force and productivity. London's manpower programs, featuring hiring subsidies, are credited with keeping unemployment from being considerably worse.

Unemployment will be a particularly contentious issue in the parliamentary election that must be held by the fall of 1979. The official unemployment rate is

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only .2 percentage point below the peak reached in September 1977. Employment in manufacturing, a sector that accounts for one-third of all jobs, has fallen in recent months.

Italy

Italian unemployment will probably rise gradually in late 1978 and 1979. A labor survey based on new definitions hiked the official estimate of unemployment from 3.8 percent to 6.8 percent at the beginning of 1977, and the rate now is put at 7.5 percent. Economic activity is flattening out after a heady start in the first quarter of 1978. We expect tight credit and economic uncertainty to continue to hold back domestic demand and GNP growth. Total employment probably will rise slightly, with increases in the services sector more than offsetting a decline in industry, but the labor force will expand faster than employment.

In recent years, strong growth of real wage rates coupled with a slowdown in productivity gains has sent unit labor costs skyrocketing. Real wages are much too high and are unlikely to decline. Three-fourths of the unemployed are under age 30. Unemployment is particularly acute in certain regions of the south. Rome's proposed three-year economic plan (1979-81) asks workers to accept lower wage increases in exchange for the government's promise to create 300,000 to 600,000 new jobs and increase investment in southern Italy. The unions are skeptical. Rome's track record on job creation schemes is poor.

Smaller Countries

The fairly rapid increases in unemployment in the smaller West European countries should slow or come to a halt in 1979. On average, real GNP growth in these countries has been considerably slower than in the Big Four. They will probably experience a slight slowdown in growth in 1978 followed by moderately faster growth in 1979. Most of these countries, responding to inflation and balance-of-payments problems, are following demand management policies that range from neutral to restrictive. In Spain, where unemployment has topped the

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Unemployment in Selected West European Countries*

	1976	1977	Percent 1978**
West Germany	4.6	4.5	4.3
France	4.3	4.9	5.5
United Kingdom	5.4	5.8	5.9
Italy	***	7.1	7.5
Spain	5.0	5.7	8.0
Netherlands	5.7	5.1	5.4
Belgium	6.7	7.6	8.0
Sweden	1.6	1.8	2.2

^{*}Figures are not comparable across countries. **Projected.

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^{***}Italy introduced a new system of unemployment estimation in January 1977. Earlier figures are not comparable.

¹ million mark, the government is under increasing pressure to ease policy restraints. Portugal and Turkey, with double-digit unemployment, are constrained by the International Monetary Fund to apply restrictive policies to obtain needed foreign credits. Unemployment in Spain, Portugal, and Turkey is exacerbated by the return of workers from abroad and the slowdown in new emigration. The reduction in traditional foreign employment opportunities has added to joblessness in Ireland and Finland as well.

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United Kingdom: The Labor Government and the Trade Unions

The Labor government's mandate does not expire until November 1979, but most observers believe that a general election will be held before then. Prime Minister Callaghan's preference is to wait until the spring of next year, but if the parliamentary opposition is able to unite on a confidence matter, he will be forced to face the voters earlier. In the runup period to a general election, the complex, often strained relationship between the Labor Party and the trade union movement--a central feature of the British political system-will be a major focus of attention. Cooperation between the Labor Party and the unions will be sorely tested during the next several months as a new season for potentially bitter and divisive contract negotiations begins, with union demands for wage increases and benefits far exceeding government guidelines.

The Labor Force and the Economy

Unemployment and inflation, which recent opinion polls indicate are the two most important issues on voters' minds, are of even greater concern to both the unionized and nonunionized portions of the labor force. Although other issues such as "industrial democracy" and the future of the closed shop are important, they are secondary to the bread-and-butter issues of job security and a pay envelope that stays ahead of the rising cost of living.

By and large, the state of the economy during the past year has been a positive inducement for British workers to support Callaghan's minority Labor government and for trade unions to cooperate with the government. Many economists think, however, that pressures within the economy could lead to increased inflation and unemployment later this year and early next year that could jeopardize this support. Trades Union Congress spokesmen have warned the government that "more drastic measures" are needed to combat the likelihood of a "growing number of long-term unemployed." Recent opinion polls

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indicate that the optimism recorded after the government introduced its economic package last spring has faded. Most respondents now believe that unemployment will remain high and that, despite the rise in earnings, "things are getting worse." If the economic picture does worsen, the chances of wage moderation by both the unionized and nonunionized portions of the labor force will be lessened and the prospects for conflict with the government enhanced significantly.*

Government Policy and the Unions

Recognizing that the government's standing with the labor foce will be critical to its reelection, Callaghan will introduce an economic package later this month when Parliament convenes. He hopes such an effort will keep the economy going and bolster the Labor Party's electoral strength without being so controversial as to antagonize large segments of the labor force or rally a united opposition that could topple the government before it is ready to call the election. The package, which will be presented in the Queen's speech, is likely to contain provisions that are aimed directly at voters in the labor force, such as further modest tax cuts, increases in benefits and pensions, efforts to cut unemployment, relief for homeowners, measures to protect British industry, and legislation on industrial democracy.

But the government's main tool in trying to help boost worker support and keep the economy under control

*Approximately 40 percent of Britain's total labor force of around 24 million belong to trade unions, with the overwhelming majority affiliated with the Trades Union Congress (TUC), the only significant trade union confederation. During the past 20 years the number of unions affiliated with the TUC has declined, while total membership has increased. The decline in the number of unions is the result of a series of mergers and consolidations during the late 1960s and early 1970s with the growth in membership attributable to the emergence of white collar unionism. In 1957, 185 unions with a total membership of 8.3 million were affiliated with the TUC. By the end of 1977 the number of unions had dropped to 115 while membership rose to 11.5 million.

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is its phase IV incomes policy, which took effect on 1 August. The most controversial aspect of the policy is a stiff 5 percent limit on wage increases that can be raised to 7 percent in some cases. Earnings increases will be enhanced by self-financing productivity schemes and by wage ceilings higher than 5 percent for certain specific categories. Callaghan hopes that powerful trade unions will cooperate with phase IV and that the success and compliance achieved under three previous years of incomes policy will be continued.

Trade union reaction has been critical and unsupportive. Discontent with government policy emerged during the conferences of individual unions between April and July and was reaffirmed both at the annual TUC conference in September and the Labor Party conference earlier this month. The TUC leadership, dominated by moderates closely tied to Laborite leaders, shares the government's concern about inflation and recognizes the need for wage restraint. But it is caught between a desire to cooperate with the government and a need to satisfy a restive rank and file insisting on wage increases in excess of the ceiling.

TUC leaders have suggested that the government should concentrate on other programs, especially a policy of tough price controls. But they would still like to find common ground with the government and have accepted Callaghan's offer--made during his speech to the Labor Party conference--for talks aimed at overcoming the impasse. If the unions continue to reject a specific, rigid pay norm in favor of "responsible" but free collective bargaining, and if Callaghan responds by enforcing the pay norm in both the public and private sectors, a sharp confrontation could ensue.

Despite dissatisfaction with the government stance, most unions have not yet announced specific wage demands for the new round of contract negotiations. But the list is growing rapidly. Of those that have been announced, the Confederation of British Industry estimates that demands are averaging between 25 and 30 percent. Over the next several months, the government must contend with demands in excess of the guideline from auto workers at British Leyland, public employees, seamen, oil tank drivers, road haulage drivers, skilled engineers, and

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others. The first major confrontation has come in a strike by Ford auto workers demanding a 28 percent increase in wages. The outcome of this strike will probably be critical in setting the pace for future settlements and in determining the fate of the pay norm. Another important test will come from the National Union of Miners, which has demanded a 40 percent wage increase and rejects any "government interference in wage bargaining."

Although many of the demands represent initial positions, and as such their importance as indicators of final settlements should not be overestimated, they should not be dismissed out of hand. The government will probably succeed in restraining wage increases, but strict adherence to the guidelines is unlikely. Callaghan's plea at the Labor Party conference for the unions to advise the government and help him find suitable alternatives to the pay policy testifies to the seriousness of the situation.

The Labor Force and the Parties

Over a period of several months, the aggregate effect of bitter confrontation stemming from wage negotiations and disenchantment with a deteriorating economy could be decisive in leading to a government election defeat. But it would probably not spell disaster for the Labor Party. In a close election, the loss of some traditional support--particularly among blue collar workers--could be made up in part from other socioeconomic groups. More important, despite the possibility of confrontation over wages and signs of serious disenchantment with trade unions on the part of the general population and among the trade union rank and file, majorities in both groups still believe that the Labor Party is better able to manage industrial relations problems effectively and deal with the unions from a position of strength.

In a bid to exploit this apparent paradox and to strengthen his hand with the unions, Prime Minister Callaghan has warned that if wage negotiations are difficult, if the government cannot hold the line on inflation, or if it is unable to survive, the alternative is worse--a Conservative government and the threat of

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renewed "industrial warfare." This tactic is reinforced by the memory of the divisive confrontation between the unions and the Conservatives in the early 1970s that led to the collapse of Prime Minister Edward Heath's government and the general election of February 1974. Moreover, the historically close relationship between the Labor Party and the trade unions, which began to develop nearly a century ago, gives the Labor Party an advantage that is not open to the Conservatives, despite the fact that thousands of rank-and-file trade unionists vote Tory.

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France: Damp Tinder

France has entered the autumn with gloomy economic prospects. The government's long-term program to improve the health and competitiveness of French industry will not show results before 1980, and in the meantime prices and unemployment continue to rise. September unemployment statistics--cited by the government at 1,284,606 and by the Communist unions at over 1,550,000--rose by 6.7 percent in the last year and are still rising. Regional pockets of unemployment are swelling well beyond the national average, youth unemployment is 36 percent of the total, and the unemployment compensation fund is getting low. The steel industry, on the verge of bankruptcy, has been taken under both arms by the government in a virtual nationalization that will still not avoid the loss of an estimated 25,000 to 30,000 jobs (out of 140,000) in the next five years.

The disarray on the French labor scene has prevented the unions from exploiting this list of troubles. The unions are unwilling to issue the call for major strikes in part because they are too divided to march together. The Communist-led General Labor Confederation, for example, is still suffering from its overcommitment last spring to the Communists' election tactics, which were widely viewed as responsible for the left's defeat. Consequently, the Confederation cannot afford strikes that would be seen as largely political—unless the workers indicate the time is ripe.

Nevertheless, the Communists--in the Confederation and in the party itself--probably still see much to gain from a successful strike wave. Isolated by its intransigent tactics in the political arena, the Communist Party would look with pleasure on social unrest that would damage or even wreck Prime Minister Barre's economic austerity program.

The Communists are far from a majority in the Confederation as a whole--only 12 percent of its members

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The chiefs of three union confederations march together at the head of their troops

belong to the party--but they dominate it absolutely. The top Confederation leaders campaigned openly for the Communist Party in the elections. The impression that the Communists sabotaged a left victory by refusing to work harmoniously with the Socialist Party has created a mild backlash against them inside the Confederation. The few Socialists on the executive board have called for democratization of the Confederation, which will have a national convention next month. The result may be a slight distancing from the Communist Party--though two-thirds of the candidates for the new executive committee are party members. At any rate, the Communist leadership clearly feels the need to tread warily and avoid strike campaigns that are obviously politically inspired.

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One goal to which the General Confederation aspires is renewal of the lapsed unity of action pact with a smaller rival, the left-socialist Democratic Labor Confederation. This labor grouping is determined to fight only on bread-and-butter-issues, breaking with the Communists' policy of politically motivated total opposition to government policy.

The Democratic Confederation does not, however, exclude unity of action on specific causes. Thus, when the General Confederation tries to force unity of action at federation or sectoral levels by focusing on working conditions and unemployment, it meets with some success. Since these problems are frequently incapable of easy or rapid solution, the need for "unity" is perpetuated.

The leadership of the Democratic Confederation, having broken with the Communist-led unions, would like to continue on its new course. But it is under continued pressure from a radical minority--more anarchosyndicalist than pro-Communist--that believes in militancy as the highest good. If the radicals in the Democratic Confederation get the upper hand, labor peace will be harder to maintain.

The strikes called so far this autumn--notably a four-day stoppage by the railroad unions--have concerned strictly union issues and have had the backing of all major unions. Even the anti-Communist Workers' Force, which rejects cooperation with the Communists but supports straight wage and fringe benefit demands, went along. The Workers' Force is not, however, afraid to be the holdout when it suspects the Communists will win advantage from a strike.

The labor force in general does not seem in the mood for the kind of strikes that might spread from one industry to another into a general conflagration of unrest like that in 1968. The workers with jobs have not done too badly; the danger of rocking the boat is acutely felt by those employed in shaky industries; and unemployment compensation is still reasonably adequate.

All the same, there is plenty of tinder lying around, even though it is damp. The same general feeling of discouragement that now hinders strikes could

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turn into sullen desperation--at least in some areas. But the time does not seem ripe for such a movement. The government still enjoys respect if not popularity; the parties of the left are only beginning to recover from the injuries of the March elections; and wage negotiations in progress seem likely to run their course-probably with uneven results for the unions. Major unrest seems unlikely this fall or winter. But if the government does not handle matters well and economic indicators continue to go down, next spring may be another story.

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Belgium: The Unions and the Government

Belgian trade unions, because of their close ties with the major political parties, play an important role in shaping public policy. Recognizing this, Prime Minister Tindemans remarked last year that it is impossible to govern Belgium without trade union support. The strength of the labor movement makes it difficult for the government to come to economic decisions, such as decreasing excessive welfare spending, without union backing.

Trade Union Structure

The organization of the two umbrella trade union groupings and of their member unions parallels that of the political parties -- the unions are divided along linguistic lines and into left and right wings. Federation of Belgian Workers (FGTB) brings together those unions that espouse socialism, while the Confederation of Christian Trade Unions (CSC) embraces those that follow the more traditional principles of Catholic labor. The CSC is numerically the stronger of the two organizations, with the Flemish and Walloon wings of nearly equal In contrast, the strength of the FGTB is predominantly in Wallonia. The Walloon wing of the CSC has at times aligned itself with the FGTB, however, thus weakening the strength of the CSC substantially. relationship of the umbrella organizations to the member unions is obscure, but the organizations appear to be the mouthpieces for their member unions.

Union membership is part of a larger social pattern into which workers fall more or less automatically. George Debunne, FGTB Secretary General, estimates that about 75 percent of the Belgian work force is unionized. Many workers do not join out of personal conviction, but become union members to obtain benefits paid only to members.

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For example, union membership facilitates the collection of unemployment benefits, which are unusually generous in Belgium. The government's unemployment compensation allows idle workers to collect 60 percent of their salaries tax-free for one year, removing much of the incentive to work. School-leavers without work experience qualify for benefits after only a 75-day wait. Many housewives who do not seriously intend to work apparently register as unemployed at a handsome reward; the unemployment rate has been rising much more rapidly for women than for men.

Government-Union Problems

Given the powerful influence exerted by labor, the government has been forced to compromise on certain vital issues. Union members, for example, often refuse to support legislation aimed at limiting welfare benefits. Tindeman's first government was brought to its knees by a series of strikes of both Socialist and Christian unions in February-March 1977 after the government had proposed legislation to reduce its share of health care and hospitalization payments. In the subsequent election, union strength was sufficient to oust the conservative Liberal Party from the governing coalition and vote in the Socialists.

In his present government, Tindemans has been more careful. Last May the government again reached an impasse, this time over the refusal of the Socialists to endorse cuts in welfare spending. The unions were asked for their reactions to specific proposals before they were introduced in the parliament, and the resulting compromise was submitted for ratification. Indications are that labor, from now on, will demand prior and complete consultation on all measures that might adversely affect worker rights and benefits.

Labor's influence is apparent in other areas as well. Spending for transfer payments in recent years has increased faster than the economy has grown, and government investments and defense spending have suffered. Belgium, like other small European countries, suffers from obsolescent industrial plant, sluggish production in key industries, dependence on the foreign sector, limited natural resources, and rising labor costs.

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Belgium remains committed to NATO, but cannot muster the will or the money to purchase the weapons to bring its arsenal up to the level of its NATO partners.

Since 1974 Prime Minister Tindemans has been trying to satisfy alternating pressures for more jobs and a lower inflation rate, and he has succeeded only on the inflation front. The government has shifted economic policies back and forth in its effort to stimulate demand without stirring up inflation. Public spending increased sharply in 1975-76, but concern about the growing budget deficit led to tax increases in 1977. With inflation currently the top priority, the government has been cautious about spending money to increase jobs. A government plan intended to cut unemployment by 70,000 through sponsoring on-the-job training, public service jobs, early retirement, and special pension plans for the elderly has achieved only limited success. The unions support this plan, but they are eager for more.

Outlook

Tindemans has tried to impress on the government and the people the necessity of decreasing government spending on the welfare system, but to little avail. The Socialists will not consent to substantial cuts in welfare spending. The major goal for the country at this time, moreover, is enacting a plan to divide Belgium into three regions in an attempt to ease traditional hostilities between the two linguistic communities. As long as the energies of the government are directed primarily to this thorny problem, little improvement in the Belgian economy can be expected.

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Italian Labor: A Key to Future Economic and Political Developments

Seldom have labor issues been so closely intertwined with Italy's broader economic and political problems. Labor's special importance this year results from the convergence of three factors:

- -- The Andreotti government is attempting to formulate by December a comprehensive three-year economic recovery plan.
- -- A series of major labor contracts are up for renewal during the same period.
- --The Communist Party, still the most influential in Italy's unions, believes it has entered a decisive phase in its progress toward a direct governing role.

Government Aims

The government's proposed three-year plan--the so-called "Pandolfi Plan"--is, at least in terms of its goals, the most comprehensive effort to come to grips with Italy's economic ills in recent years. The plan aims to restore stable economic growth and cut inflation by attacking two key problems: a massive and growing public sector deficit and soaring labor costs. The deficit is expected to hit \$40 billion this year, nearly double that of 1977, and real industrial wages have increased 60 percent since 1970--the greatest jump among industrial nations. Wages are expected to rise 4-5 percent this year alone. These trends continue to have an adverse effect on the Italian economy by accelerating inflation, dampening investment, fueling unemployment.

The government has sought unsuccessfully for two years to develop a program capable of restraining wage growth. The new plan cites the need to keep real wages constant in 1979. Accordingly, the government hopes to

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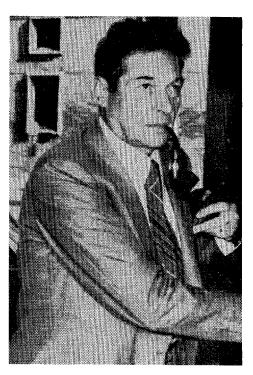
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persuade workers to accept a wage increase of \$12 or less per month in exchange for its promise to create new jobs; increase investment in the undeveloped south; and keep intact the wage indexation mechanism, which automatically brings wages into line with the cost of living on a quarterly basis.

The Politics of Labor

The government will get an early indication of its prospects for success because collective contracts covering nearly 5.5 million workers--about half of Italy's unionized labor force--must be renegotiated this fall. For several months, the largest Italian labor confederation--the Communist-dominated General Confederation of Italian Labor (CGIL)--has taken the lead in calling for a moderate union posture in these negotiations. At various times, CGIL Secretary General Luciano Lama has called for:

- -- Wage and salary restraint: Lama acknowledges this
 would mean substantial sacrifices for
 employed workers,
 but he views it as
 necessary to combat
 unemployment.
- -- Increased labor mobility: The Italian
 system of forcing
 enterprises to employ
 an excessive number
 of workers has proved
 devastating to productivity and economic
 expansion. Lama is
 proposing that once
 an enterprise is declared in a state of
 crisis, it should
 have the right to dismiss workers. In



Italian Communist Labor leader Luciano Lama

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exchange, the dismissed workers would receive help from a reformed wage supplement fund. With flexibility to expand, both the private and public sectors would be expected to create new jobs.

- -- Reform of the wage supplement fund:

 Originally designed to compensate laborers temporarily out of work, the wage supplement fund has become a drain on government funds. Extensions of the usual one-year limit to payments are common. Furthermore, laborers often hold illegal or "black market" jobs while collecting money from the fund. Lama aims to end this abuse and use the money saved by reforms to create jobs for first-time job seekers who are not eligible for payments from the fund.
- -- Flexibility on overtime and part-time work.
- -- Decreasing absenteeism: Changes in this area are essential if productivity is to keep pace with rising labor costs.
- -- Tax increases and limits on public spending:
 Both of these proposals aim at cutting the huge public deficit. Opposition to the tax hikes will be strong since tax increases traditionally have not produced new benefits for the workers. Limits on the budget will be even more controversial as cuts would come in areas such as health and local government.

Most of these ideas were approved early this year by the federation that embraces the CGIL, the Christian Democratic - oriented Italian Confederation of Labor Unions (CISL), and the Socialist-led Italian Union of Labor (UIL). Rank-and-file opposition to Lama's proposals appeared immediately, however, and both the Christian Democratic and the Socialist labor leaders welcomed this opportunity to challenge the larger, more influential

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CGIL by appearing more responsive to worker sentiment. At a labor summit last May, for example, CISL and UIL leaders resisted adoption of specific bargaining proposals that would have given substance to Lama's ideas.

In addition, the smaller federations argued that Lama's call for labor moderation reflected mainly an effort to enhance Communist chances of gaining a governing role. They also cited the Communists' demands for greater centralization in the collective bargaining process—an action that would increase their own influence—to argue that Lama was trying to subjugate labor's interests to Communist political goals.

Lama received another challenge in mid-June when the metalworkers' union--in which the Communists hold predominant influence--passed a resolution denouncing austerity



Demonstration by Communist-dominated General Confederation of Italian Labor

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and pledging a battle without quarter in forthcoming bargaining sessions. The metalworkers--who come closest to being a bellwether for other Italian unions--are currently drawing up their bargaining platform, and indications are that they will follow through on their June resolution. According to one report, they will demand pay increases of more than triple the amount requested by the government.

Communist and Christian Democratic Dilemmas

Whether Lama and like-minded labor leaders can sell wage restraint will depend in large part on the Communist Party's ability to convince workers that it can defend their interests in the government's policymaking process. Accordingly, the Communists are likely to press the government to spell out precisely how and when it will create the 600,000 new jobs projected under the three-year plan. Initial Communist comments on the plan suggests they will also insist on detailed guidelines for the investment of funds resulting from new taxes or wage restraint; they will want investments to be labor intensive, aimed at increasing youth employment, and concentrated in areas such as the south, where unemployment is particularly high.

Italian Government programs traditionally have been short on such specifics—a result of the sharp interparty divisions that always emerge when economic policy debate moves beyond general goals. Hence, economic programs frequently have tended to bog down in the implementation phase, contributing to a general impression of governmental immobility.

Communist chief Berlinguer is already worried that supporting the government has hurt his party's image--a factor that will make him and the CGIL all the more reluctant to push for wage restraint without an impressive quid pro quo. Berlinguer's concern stems mainly from the sharp losses experienced by the Communists in local elections last spring. That was the first serious reversal sustained by the party since Berlinguer became leader in 1972; he attributes it mainly to an impression among voters that two years of Communist involvement in government policymaking has not produced many significant changes.

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All of this has led Berlinguer to conclude that the Communists are entering a decisive phase in their campaign for a governing role. In his view, the party must now demonstrate that its strategy of gradual rapprochement with the Christian Democrats is producing tangible benefits for Communist supporters. Otherwise, Berlinguer hints, the party may have to reconsider its support for the government.

The close involvement of labor's interest in the Pandolfi Plan is one reason the government cannot take Berlinguer's support for granted. Labor protest against government economic policies contributed to Berlinguer's toppling of the previous Andreotti government, and a labor backlash against the Pandolfi Plan could push him in that direction again—even though most evidence suggests that Berlinguer wants a period of governmental stability to prepare for the party congress in March and the European parliamentary elections in June.

Persuading labor to accept wage restraint may force some difficult choices on the Christian Democrats as well. The Pandolfi Plan calls for an attack on the growing public deficit. Any serious effort to trim the deficit would require changes in the mechanisms that tie so many government expenditures to the cost of living. About 90 percent of the central government budget is absorbed by various outlays--including salaries and pensions--that rise with the general price level. The Christian Democrats' acquiescence would be particularly important to any expenditure-trimming exercise. More than the other parties, they have used the bloated pension system--there are 13 million pensioners, compared with a work force of 20 million--as a source of political support. And essential cuts in the swollen government bureacracy would be impossible without the party's consent.

Outlook

The commitment of labor and the Communists to moderation is likely to depend in part on the Christian Democrats' willingness to make similar sacrifices. Thus, the proposed solutions to Italy's most serious economic problems impinge directly on both Christian Democratic and Communists interest, suggesting that progress will be

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extremely difficult without some degree of cooperation between them. On the surface, this would appear to improve the prospects for Berlinguer's "historic compromise." But widespread perception of Communist vulnerability has made most Christian Democrats more cautious about cooperation with Berlinguer and non-Communist unions even more reluctant to follow Berlinguer's lead.

The chances are that the Andreotti government will do as earlier administrations have done--merely work around the edges of labor and other economic problems. But even stopgap measures will require Communist support, and continued policy drift will only deepen the government's dilemma. Failure to slow the wage-cost push and rein in the deficit now would dampen economic growth and lead to a resurgence of inflation in the months ahead.

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Spanish Labor: The Primacy of Politics

Spain's rising unemployment rate--now surpassing 8 percent--has had a remarkable impact in dampening labor militancy this year. As a result, labor leaders, who like management and political party leaders are deeply concerned with completing the democratization process, are able to address themselves to the question of labor's role in a democratic Spain without the immediate pressure of labor agitation that was becoming a serious problem for Prime Minister Suarez.

Workers, having eked out a small increase in real wages over the last year and acutely conscious that unemployment figures are still inching upward, do not seem in a militant mood. Moreover, one of the principal achievements of the consensus era--last year's multi-party Moncloa pact, under which the government imposed a considerable degree of economic austerity--must be renegotiated by the end of the year, and any move by labor will be difficult until the pact's fate is clearer.

Much hard bargaining over the pact lies ahead, but an agreement will probably be worked out that is acceptable to the two big labor federations—the Communist—dominated Workers Commissions (CCOO) and the Socialists' General Union of Workers (UGT). The core of such an agreement, as in the first Moncloa pact, will probably be a commitment by labor to hold back on its wage demands as long as the government keeps inflation within certain limits. The pact could be overturned by a sudden spurt in inflation, by a rise in unemployment to a level unacceptable to labor, or by a decision on the part of Spain's large and sometimes fractious Socialist Party to challenge the consensus.

Background

Given Spain's history over the last decade or so, it is not surprising that political considerations

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influence--and often dominate--the actions of labor lead-In Franco's declining years, the official Syndical organizations were clearly inadequate, and labor was recognized as an important potential power base that was up for grabs. Clandestine Workers Commissions developed at the plant level throughout Spain in the These organizations, often set up by Catholic oppositionists, were technically illegal, but they were tolerated because they provided essential services to their members and could negotiate authoritatively with They quickly fell under the domination of management. the Spanish Communist Party, which maintained an active clandestine apparatus inside the country. Communist dominance was assured when the exiled leadership of the Spanish Socialist Party (PSOE) told its adherents Toward the end of inside the country to stay aloof. the Franco era, CCOO members participated covertly in the Syndical organization itself, thereby gaining further experience and an even greater headstart over the UGT.

The UGT has worked vigorously to overcome this lead, especially since the legalization of free labor unions in April 1977 and the subsequent dismantling of the Syndical structure. By mid-1978 each federation was claiming 2 million members out of Spain's labor force of 13.3 million, but these figures almost certainly are exaggerated. Plant elections in early 1978 suggest that the CCOO still has the upper hand, but it is equally clear that the UGT is strong enough to prevent CCOO hegemony.**

- A faction of the Workers Syndical Union (USO), which maintained its independence and kept the USO
 name when the rest of the union merged with the UGT last year; it now numbers perhaps 200,000.
- The recently revived anarcho-syndicalist National Confederation of Labor (CNT), whose heritage predates the Civil War; its membership may total about 150,000.

The prospects of both these small unions heavily depend on factors outside their control. The USO would receive a major boost if the government party decided to build it up as a counterweight to the CCOO and the UGT. The CNT's prospects might improve if the economy should weaken, public order deteriorate, and CCOO or UGT moderation allow the CNT to outflank them on the left.

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^{*}Numerous uncertainties complicate the interpretation of the results. Both the Spanish Labor Ministry and the Spanish news agency put the CCOO ahead of the UGT—the Labor Ministry by 13 percentage points (35-22), the news agency by seven (38-31).

^{**}Two other national unions are significant:

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Neither major federation has a perfectly disciplined rank and file; each must keep in mind what its members will accept as it negotiates new agreements. The CCOO maintains better discipline than the UGT and has been more flexible on bread-and-butter issues. For these reasons managers tend to prefer it to the UGT as an interlocutor. In their view the UGT is prone to radical rhetoric and has more trouble lining up its members behind an agreement.

At the moment, however, neither federation seems to be under great pressure from its membership. Real wages, particularly at lower income levels, have risen a few percentage points over the last year, and at the same time unemployment is on the rise. Influenced by factors such as these, Spanish workers seem generally quiescent.

CCOO, UGT, and the Political Triangle

In this atmosphere the leaders of both federations have been free to follow tactics that are dictated largely by the political needs of their associated political parties. Nowhere is this fact clearer than in the byplay over the renegotiation of the Moncloa economic pact.

The original pact was negotiated among the political parties, partly because there was an urgent need for a political consensus on the austerity program and partly because the unions, which had been legal for only half a year, were considered unorganized and possibly unrepresentative. This time all sides are agreed that labor and management will be represented. What is at issue, among other things, is whether the parties should participate, and on this point the alignments have become highly partisan:

-- The Communists and the government are demanding that the parties be involved again this time. They also want it agreed that the pact will last for three years. The CCOO is supporting these demands. On both points the goal is to get an explicit, long-term PSOE commitment on the economic front and thereby reduce the Socialists' room for political maneuver. The

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Communists, with a far smaller share of the vote than the Socialists in last year's parliamentary election, also want to use their role in the negotiations to build up their party's image.

-- The Socialists, who clearly believe they may be making a bid for power before a three-year agreement would expire, are holding out for a one-year pact, and they are trying to preserve their flexibility by keeping their party out of the negotiations. They may also hope that the UGT would stand a better chance of improving its position if it did not have to compete for attention with the parties.

The PSOE's response to pressure from the government and the Communists obviously will be a critical factor in the current round of negotiations. Unlike last year, when the Socialists believed they had little choice but to sign the Moncloa agreement as soon as the government had the Communists on board, the PSOE now feels strong enough to fight back. Conscious that the need for consensus will diminish once the constitution is approved, the party is carping at the "Italian-style" working relationship between the government and the Communists and making invidious comparisions between Socialist and Communist electoral strength. It doubtless is also taking comfort from the UGT's emergence as a clear force to be reckoned with on the labor front--a force strong enough to veto any agreement, and one that stands ready to lure supporters away from the CCOO if the Communist federation shows too much moderation.

Outlook for a New Pact

PSOE and UGT strength seem likely to carry the day on many of the procedural issues that have aroused the most heat in the runup to negotiations. There is little chance that the government and the Communists will obtain a three-year pact, and the chances are no better than even that they can inveigle the PSOE into formal participation in the talks.

Once these points have been hammered out, there is a good prospect for agreement on the substance of the

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pact. Last year the parties won the support of labor by making a commitment that real wages would not fall-and that the wages of the lowest paid would rise--despite the wage controls called for in the pact. Because inflation was almost halved during the year, the commitment was kept. In the current round the government is aiming at a ceiling of 10-12 percent for pay increases-compared with 20-22 percent last year. It can plausibly argue that with the inflation rate now down to around 16 percent, the workers' buying power will be protected over the course of the year if they stay within the wage guidelines. The agreement will probably include a provision that permits wage ceilings to rise if the inflation target is not met. The PSOE would have little reason to oppose such a deal, and UGT and CCOO members should be able to sell it to their members.

The deal ultimately would depend on continued improvement in the Spanish economy. If the inflation rate should climb steeply, or if unemployment should increase in a dramatic way that caused labor unrest, it could prove impossible to stick to the guidelines. In such a situation the PSOE, which like the UGT has generally eschewed the policies advocated by its more radical members, might reverse itself and seize on this issue to terminate the Spanish consensus.

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Organized Labor in Turkey

The Turkish trade union movement is sharply divided over both goals and tactics. The divisions are deeply rooted in ideology and political philosophy and will continue to prevent a unified Turkish labor movement for the foreseeable future. Disunity reduces the political influence of organized labor and hampers the efforts of the government to obtain meaningful working-class support for its domestic policies. As the largest nongovernmental lobbying entity in the country, however, organized labor does influence social legislation and plays an important role in improving the living standards of Turkish workers.

Background and History

Trade unions are a relatively new phenomenon in Turkey--there was no organized labor movement before the end of World War II. Today, however, slightly more than 2 million workers out of a labor force of approximately 16 million are union members. Of these, about 1.3 million belong to unions affiliated with Turkey's oldest labor grouping, the Confederation of Turkish Trade Unions (TURK-IS), while approximately 250,000 belong to the leftradical Confederation of Turkish Revolutionary/Reformist Trade Unions (DISK). Another 400,000 to 500,000 workers belong to one of the smaller trade union organizations, the most important of which are the Nationalist Action Party's Confederation of Nationalist Trade Unions (MISK) and the National Salvation Party's labor wing (HAK-IS). Both MISK and HAK-IS are rightwing unions that closely follow the dictates of their parent political party.

TURK-IS

In the 1950s, TURK-IS was the only significant Turk-ish labor confederation. At that time it was strongly influenced by the Democratic Party and later by the Republican People's Party (RPP). In 1960, the confederation broke from partisan political control. Its leaders

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considered forming a workers party, but finally decided to remain "above party politics" and work through the parties in power.

Some TURK-IS political activists, not content with this approach, joined in 1967 with nonunion leftists to form first the Turkish Labor Party (TLP) and then DISK. The establishment of DISK fragmented the labor movement, as several trade unions left TURK-IS for the more active leftwing confederation. These defections set off a debate inside TURK-IS over the advisability of remaining above politics. The debate continues today, but TURK-IS remains independent of any political party and stresses economic issues as opposed to the political ones espoused by DISK. It is still Turkey's largest labor confederation.

DISK

When the TLP was declared illegal in 1971, DISK allied itself with the RPP, although often criticizing the party's moderate social policies. DISK claims that its political objective is the protection and preservation of "free democracy" by fighting fascism and sharpening the class struggle.

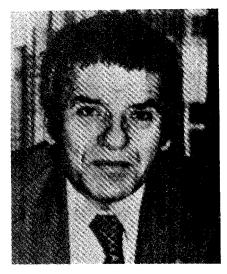
The illegal Turkish Communist Party (TKP) has found DISK to be fertile ground for spreading its influence

nowever, and strire petween TKP members and more moderate elements continues to weaken the confederation's unity.

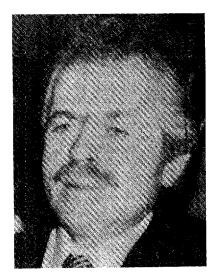
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Abdullah Basturk

Possibilities For Further Fragmentation

The conflicts within the two major union confederations raise the possibility of further fragmentation along political lines. The leaders of both confederations have considered forming new political parties. Both Basturk and TURK-IS chief Halil Tunc recognize, however, that either a DISK or a TURK-IS political party would further divide the labor movement and would be too weak to exert significant political influence.

There is a slight possibility that the left wing of TURK-IS will join with DISK moderates to form a social democratic confederation allied with the RPP. In that event, the remainder of TURK-IS would probably survive, but might become an appendage of the Justice Party. DISK would become more than ever a rallying ground for the far left, leaving it a prime target for renewed TKP efforts. A further split of the trade union movement would be opposed by Prime Minister Ecevit, who hopes for an eventual united, pro-RPP confederation of DISK and TURK-IS.

Ecevit has a difficult path to follow on labor issues, and the disunity within the labor movement does not make his task easier. He is basically prolabor, and the RPP has relied on electoral support from the trade unions, especially those belonging to DISK. The economic

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policies Ecevit must follow to cope with Turkey's financial crisis, however, run counter to the aims of both DISK and TURK-IS.

Ecevit has sought broad labor support for his policies but has had little success. Shortly after taking office in January, he called for wage restraint on the part of the trade unions. His call was received coolly by both TURK-IS and DISK. Tunc announced a willingness to listen to the Prime Minister's specific proposals, but Basturk completely rejected Ecevit's call, accusing him of selling out labor and charging TURK-IS with "yellow unionism." When Tunc subsequently signed a "social contract" with Ecevit covering some workers in public enterprises, DISK spokesmen became even more vitriolic in attacking both TURK-IS and the government.

The "Social Contract"

The Ecevit-Tunc "social contract" establishes collective bargaining guidelines for the approximately 550,000 employees of public enterprises. The most controversial guideline stipulates that wage increases should give the workers no greater purchasing power than they had in 1976. Because many state enterprise employees are members of DISK-affiliated unions, and because broad support for the agreement is needed, Ecevit asked DISK to sign it as well.

DISK refused. Its secretary general, Fehmi Isiklar, charged that the agreement amounts to a wage freeze that would give no increase in real income to workers. Basturk joined the criticism by declaring that DISK would never abandon the workers' interests by agreeing to the "social contract." Other segments of Turkish labor attacked the agreement. MISK and HAK-IS denounced it as dangerous to Turkish labor life, and some member unions of TURK-IS voiced their dissatisfaction.

The criticism was not muted when several TURK-IS unions signed contracts for wage increases in the range of 50 percent. Because the rate of inflation is also about 50 percent, the unions and the government could plausibly argue that the increases fell within the agreement's guidelines. In so doing, however, they opened

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themselves to criticism from DISK which is demanding increases of over 200 percent, with the aim of bringing Turkish workers' standard of living up to that in Western Europe.

It seems unlikely that, in the end, many Turkish labor leaders will be willing to exhibit the restraint being urged by Ecevit. Demands for large increases and emphasis on the class struggle are sure ways of getting rank-and-file support. Most Turkish workers associate the rising standard of living in the last 20 years with the efforts of the trade unions; few have any notion of the depth of Turkey's economic problems or the part played by wage increases in the country's inflation. Firsthand experience with the standard of living in Western Europe will make them even more resistant to calls for wage restraint.

Prospects for the Future

Ecevit's hope for a unified labor movement that would both support and be responsive to the RPP is unlikely to be realized in the near future. The splits within the two largest labor confederations, as well as the dissension between them, are likely to increase, especially if the Turkish economic situation continues to worsen and political violence is not brought under control.

In the present economic and political climate, Turkish workers will be less inclined to support moderate "establishment" politicians and more ready to accept quick solutions promised by more radical leaders. Thus, DISK will probably continue to increase its membership at the expense of TURK-IS, and the latter may feel compelled to move leftward in order to survive.

The TKP may make new inroads into DISK. The deeply rooted Turkish suspicion of Communism, combined with the dissension within the TKP and other elements of the far left, however, will prevent the TKP or any other extreme left group from gaining long-term control of a significant segment of the labor community.

Widening divisions within the labor movement will diminish the movement's importance as a voting bloc in Turkish elections. Organized labor, however, will continue to be a significant political lobby. The radicals

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will not be able to unify and control the labor movement,
but their rising influence within the movement could
prompt the Turkish Government to adopt some of the social
reforms they seek. Moreover, if Ecevit's support in other
areas slips, he may become more receptive to labor's left
in order to maintain and possibly increase the support he
has there.

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Denmark: Union-Government Relations

The inclusion of the conservative Liberal Party in the Danish Government last August and the adoption of a belt-tightening economic program has disrupted the cooperative relationship between the government and the national trade union confederation (LO). Prime Minister Anker Jorgensen, who headed a minority government for three years, brought the Liberals into the fold in order to forestall the coalescence of three or four of the nonsocialist parties into a unified opposition. Such a bloc would have drained off support for government programs and possibly forced early elections, thereby winning a chance to form the next government.

Jorgensen, who like many Social Democrats came to party leadership through union ranks—he had been head of the national blue collar union before assuming party leadership—agreed to abandon some programs favored by labor and introduce stiff economic austerity programs in order to win Liberal support. His party promised to postpone indefinitely or greatly modify employment—generating government spending programs and go along with other measures designed to restrain private consumption.

The LO castigated Jorgensen for this decision during its September congress. LO leader Thomas Nielsen has threatened to respond to what he sees as loss of government cooperation with a strong stance on wage and nonwage demands during nationwide biennial contract negotiations. These talks, held between the LO and the national employers' federation, will be conducted from November to March.

Labor's attitude is critical because the success of the new economic program rests heavily on income restraints. The minority government had been successful for almost two years in keeping wage increases no greater than the inflation rate and holding the line on private consumption. Union leaders believe they have been losing ground in the income distribution tug of war

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and have announced they will use the coming contract negotiations to demand guarantees for maintenance of real wages and reductions in the work week.

LO leaders also plan to introduce demands for stock ownership—the next stage in their program for "economic democracy"—into the negotiations. They hope employers will balance union wage concessions with greater nonwage benefits, although this seems unlikely since employers have reiterated their opposition to a union—controlled stock fund. Trade union leaders are divided among themselves as to whether contract negotiations are the place for the kind of social change implicit in the demands for economic democracy.

If employers agree to inflationary wage increases, the government will have to decide whether and how to raise taxes to reduce their inflationary impact. Differences between the parties on this issue could break up the coalition and force early elections—a move the Social Democrats would prefer to avoid because opinion polls indicate their popularity has been declining. Elections are not scheduled until 1981.

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EC Labor: The Political Impact of Labor on the European Level

In Western Europe, organized labor has an important political impact not only on the national level but on issues that dominate the regional institutions, especially the European Community. Labor's voice is to a certain degree strengthened by the regional and international confederations of unions, the most important of which are the European Trade Union Confederation (ETUC), the International Confederation of Free Trade Unions (ICFTU), and the World Confederation of Labor (WCL). The politics of these international labor organizations in turn affect the domestic political strength of affiliated national unions.

Labor Attitudes Toward the Community: A Europe of Workers

Workers in EC countries have enjoyed benefits from the increased trade and economic growth the Community has fostered. But they are sensitive to the argument that EC institutions and rules serve first of all the interests of established big business--especially the multinational corporations -- and are oriented toward a capitalist economic system. Organized labor in some EC countries like Britain objects to the Community on these grounds as well as in the name of national interests (though British unions have been active in Brussels). Elsewhere, in Italy for example, labor and the Communist Party support the Community but want it to become more responsive to workers' interests and encourage the transformation of present economic and social structures into a more innovative and harmonious socialist order.

Labor has a range of opportunities to exert major influence on EC policy. The unions are formally and informally consulted in Community institutions. In the EC's Economic and Social Committee the ETUC--alongside

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representatives from management, the other "social partner" in the Community--reviews and advises on the EC Commission's policy proposals. A multitude of other standing committees and advisory groups on special issues or sectors offers labor groups a policy platform.

Informal contacts between labor representatives and Community officials occur daily, and the ETUC occasionally makes ad hoc demarches to the EC or the European Free Trade Association to draw attention to labor's concern about unemployment. The EC is also helping fund the new European Trade Union Institute, which is an ETUC research and documentation center.

The most dramatic and public arena for labor to express its views on Community issues is the Tripartite Conference of labor, management, and government leaders. The conference has become an annual affair, bringing national government ministers as well as EC Commission officials together with the "social partners." This year's meeting will take place on 9 November in Brussels and will consider measures like work-sharing that the unions hope will alleviate Western Europe's severe unemployment.

Some of labor's supporters argue that these channels of consultation are ineffective because they are so cumbersome and diffuse. But the weakness of organized labor on the Community level stems largely from disputes among the national unions within the ETUC. Certainly the political impact of the unions is far greater on the national level.

Nevertheless, both national unions and international labor confederations have already moved to influence another important Community process, the first direct elections to the European Parliament next June. Labor groups are announcing support for candidates from the political parties they are linked to, and labor leaders in France and West Germany are seeking places on the Socialist or Social Democratic lists for the election.

European Labor and Foreign Policy

Organized labor exerts significant influence on West European as well as national foreign policy. The EC has become an increasingly important target as its

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members consult on a widening range of foreign policy issues. Thus, when the Netherlands Trade Union Movement pressed for action in support of Tunisian unionists recently tried for what the West Europeans viewed as labor organizing rather than political opposition, Dutch Foreign Minister van der Klaauw promised not only to issue an appeal from his government for clemency but also to raise the issue with other EC foreign ministers, who considered a common demarche to Tunisia. ICFTU affiliates now plan a range of actions throughout Western Europe to protest the sentences handed down in Tunis.

Organized labor has also focused on the Community's code of conduct for European firms operating in South Africa, urging businesses to comply with the code in defense of the right of black South African workers to unionize. The ETUC is also pressing for a direct link between labor unions and the institutions of the Lome Convention, a trade association linking the EC with over 50 developing countries. European union pressures for fair labor standards under the Convention reflect not simply concern for the welfare of workers in developing countries but also a reaction against what many Europeans view as unfair competition from low-wage export industries in these countries.

European unions are often outspoken on political oppression and human rights violations. For example, they have condemned Soviet and East European treatment of dissidents, as well as current political conditions in Iran. Even where differences among national unions obstruct joint statements on these issues, labor views are an important component of West European positions.

International Labor and National Labor Politics

The direct reflection of East-West tensions in West European political life, particularly in the competition among political parties, is also seen in the closely related rivalry between Communist-affiliated unions and their non-Communist counterparts. This competition, moreover, is carried on at the European level as well as on the domestic front.

As an example, labor groups affiliated with the Communist parties in France, Spain, and Portugal have

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pressed for membership in the ETUC as a way of enhancing their respectability or emphasizing a move away from Soviet influence. But the ETUC has so far refused to accept them because of opposition from non-Communist labor groups in those countries and from the West German labor confederation. On the other hand, Italy's Communist labor confederation was admitted to the ETUC in 1974 as a "legitimate" European partner on the condition that it drop its membership in the Soviet-dominated World Federation of Trade Unions.

The European labor confederations offer not only legitimacy but also organizational and financial aid to the national unions they favor. In the past three years, for example, the ICFTU has give over \$700,000 to the labor organization affiliated with the Spanish Socialists.

These lines of support parallel and reinforce the links among West European political parties. In effect, funds flow across borders from union to union via the parties as well as directly. The regional dimension of West European labor activity thus intervenes in national political life at the same time that national union policies influence developments on the West European level.

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